

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6548

BILL NUMBER: SB 321

NOTE PREPARED: Feb 24, 2014

BILL AMENDED: Feb 24, 2014

SUBJECT: Charter school funding.

FIRST AUTHOR: Sen. Schneider

FIRST SPONSOR: Rep. Behning

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Charter School Organizers: The bill allows a charter school organizer to notify the Department that it wants to receive the tuition support distributions for the state fiscal year 2014-2015 for all of the charter schools that the organizer operates. It requires the Department to verify the charter schools operated by the organizer and to distribute the tuition support for the verified charter schools to the organizer. It permits the organizer to distribute the tuition support to each charter school it operates in the amounts determined by the organizer. It requires identification numbers and accounts to be used at the organizer and charter school levels. It prohibits a charter school organizer from using tuition support for expenses incurred outside Indiana.

Charter School Attendance: The bill provides that a student, and the student's siblings, who attend a charter school may attend a different charter school held by the same organizer in subsequent years.

School Improvement Designation: The bill provides that if the State Board of Education adopts a rule to assign a category or designation of school improvement to a school corporation, the State Board shall also assign a category or designation of school improvement to a charter school organizer.

Effective Date: Upon passage; July 1, 2014.

Explanation of State Expenditures: *Charter School Organizers:* There would be no costs to the state if a charter school organizer receives the tuition support for all the charter schools it operates instead of tuition support being paid to each charter school the organizer operates. The state would allocate the same amount of funds to these charter schools under this bill as under current law.

Department of Education: Under this bill, each charter school organizer would have its own corporation identifier. The Department should be able to assign these at little or no cost. Verifying that an organizer operates the charter schools should be accomplished at little or no cost.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Charter School Organizers:* Under current law, a charter school is directly allocated tuition funding through the school funding formula. Under this bill, the amount of funding would be computed by the funding formula but funds would be forwarded to the organizer instead of directly to the charter school. The amount of revenues a school would receive would be decided by the organizer and may be different from what the school would receive under current law. This bill prohibits a charter school organizer from using tuition support for expenses incurred outside Indiana. This could result in more revenue being available for in-state operations if funds were being spent outside of Indiana.

Charter School Attendance: If a charter school organizer has charters at the elementary, middle school and high school level, this provision could benefit students who wish to complete their education in the charter school system that they are currently attending. Under current law, a charter school may limit new admissions to ensure that a current student may continue to attend the charter school in subsequent years. The current statute also permits siblings of a current student to be given priority in attending the charter school. Under this bill, a student who attends a charter school during a school year would be given priority to attend a different charter school held by the same organizer. This priority would also be extended to the student's siblings.

On the other hand, this provision may impact students who are on the waiting list to be accepted into the charter school in question. If space is limited, some of these students may have to remain on the waiting list.

State Agencies Affected: Department of Education; State Board of Education.

Local Agencies Affected: Charter schools.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.